

Missouri Bankers Association  
Regulations H, Q, and Y  
Docket No. R-1442  
Regulatory Capital Rules

On October 2, 2012, members of the Missouri Bankers Association met with Governor Elizabeth Duke to discuss the joint notice of proposed rulemaking on regulatory capital requirements, which would implement provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the Basel III regulatory capital reforms. Association members expressed concern about the cost, complexity, and compliance burden of the proposal, as well as the proposed time frame for implementing the capital proposals and numerous other regulations. Specifically, association members cited problems with proposed risk weights on mortgages and other assets, the inclusion of other comprehensive income in capital, capital buffer requirements, and the treatment of trust preferred securities. Several association members suggested (1) using a tiered approach to implement new regulatory requirements in order of importance and (2) having a phase-out period for trust preferred securities that would be tied to their maturity dates. Noting that smaller institutions were finding it difficult to raise capital, association members said the capital proposals would force community banks to adopt a very conservative posture that would, in turn, curtail lending and service to customers and adversely affect economic growth.